

**UNITED STATES DISTRICT COURT  
DISTRICT OF CONNECTICUT**

NICHOLAS V. PERRICONE	:	
Plaintiff,	:	
	:	
v.	:	Civil Action No. 3:01CV512(CFD)
	:	
UNIMED NUTRITIONAL	:	
SERVICES, INC.	:	
Defendant.	:	

**RULING ON MOTION FOR STAY**

The plaintiff, Nicholas V. Perricone, brings this action pursuant to 35 U.S.C. §§ 271, 281 alleging infringement of U.S. Patent No. 5,709, 868 (the “‘868 patent”), issued to the plaintiff on January 20, 1998, which discloses methods of treating skin by topical application of alpha lipoic acid and its derivatives to alleviate skin inflammation or the conditions of aging arising from free radical effects in the skin. The plaintiff alleges that the defendant’s skin care products, which incorporate alpha lipoic acid and are marketed for application to the skin, infringe, contribute to the infringement of, and/or induce infringement of the ‘868 patent. The plaintiff seeks a preliminary and permanent injunction, damages, and attorney’s fees and costs.

The defendant has filed a motion for a stay of this action [Doc. #6] pending the outcome of its request for reexamination of the plaintiff’s patent by the U.S. Patent and Trademark Office (“PTO”). The defendant’s request presented fourteen separate arguments that question the patentability of the subject matter contained in the ‘868 patent. On October 25, 2001, the PTO concluded that three of the arguments raised by the defendant raise new questions of patentability with regard to the ‘868 patent and has proceeded with the reexamination.

## I. Discussion

In determining whether to grant a stay of an infringement action pending the outcome of a reexamination of a patent, a court should consider the following factors:

- (1) whether a stay would unduly prejudice or present a clear tactical disadvantage to the non-moving party;
- (2) whether a stay will simplify the issues in question and trial of the case; and
- (3) whether discovery is complete and whether a trial date has been set.

Xerox Corp. v. 3Com Corp., 69 F. Supp. 2d 404, 406 (W.D.N.Y.1999) (citations omitted).

Each of those factors will be discussed below.

### A. Stay Will Simplify the Issues in Question

When patent validity has been raised as an issue by the defendant, as it has been here, there are numerous advantages to the Court and parties in issuing a stay pending the outcome of the PTO reexamination. The court in Emhart Industries v. Sankyo Seiki Mfg., 3 U.S.P.Q.2d 1889, 1890 (N.D. Ill. 1987), enumerated such advantages:

- (1) All prior art presented to the Court will have been first considered by the PTO, with its particular expertise.
- (2) Many discovery problems relating to the prior art can be alleviated by the PTO examination.
- (3) In those cases resulting in effective invalidity of the patent, the suit will likely be dismissed.
- (4) The outcome of the re-examination may encourage a settlement without the further use of the Court.
- (5) The record of re-examination would likely be entered at trial, thereby reducing the complexity and length of the litigation.
- (6) Issues, defenses and evidence will be more easily limited in pre-trial conferences after a re-examination.
- (7) The cost will likely be reduced both for the parties and the Court.

3 U.S.P.Q.2d at 1890 (citing Fisher Controls Co., Inc. v. Control Components, Inc., 443 F. Supp. 581, 582 (S.D. Iowa 1977)). The patent reexamination procedure was intended to provide the

federal courts with the additional expertise of the PTO. As the Federal Circuit noted:

The bill's proponents foresaw three principal benefits. First, the new procedure could settle validity disputes more quickly and less expensively than the often protracted litigation involved in such cases. Second, the procedure will allow courts to refer patent validity questions to the expertise of the Patent Office. See Senate Hearings at 1, wherein Senator Bayh said that re-examination would be "an aid" to the trial court "in making an informed decision on the patent's validity. Third, re-examination would reinforce "investor confidence in the certainty of patent rights" by affording the PTO a broader opportunity to review "doubtful patents". 126 Cong. Rec. 29,895 (1980) (statement of Rep. Kastenmeier).

Patlex Corp. v. Mossinghoff, 758 F.2d 594, 602 (Fed. Cir. 1985), modified on other grounds 771 F.2d 480 (Fed. Cir. 1985).

A stay here would conserve the time and resources of the Court and the parties. A record of the reexamination could reduce the complexity and length of the litigation, more easily define issues, defenses, and evidence before trial, and reduce litigation costs and discovery problems. As noted above, the PTO, in granting the request for reexamination, found that "[a] substantial new question of patentability affecting Claims 1-15 of US Patent No. 5,709,868 to Perricone is raised by the request for reexamination." Order Re: Request for Ex Parte Reexamination at 2. The PTO found "a substantial likelihood that a reasonable examiner would consider the limitation of a 'method of treating skin inflammation or aging mediated by free radicals' to be inherently met by methods and compositions [of U.S. Pat. 5,084,481 to Ulrich et al. or by U.S. Pat. 5,569,670 to Weischer et al.] that are directed to inflammatory diseases of the skin." Id. at 3. Additionally, the PTO found "a substantial likelihood that a reasonable examiner would consider "the teachings of [an article by Fuchs et al. and U.S. Pat. 5,114, 716 to N'Guyen] important in deciding whether or not the claims are patentable over Weischer in view of Perricone." Id. at 3-4.

The reexamination procedure will likely inform the Court's determination of the validity of

the '868 patent. The reexamination could invalidate the '868 patent or require the patent to be amended, in light of the questions noted above. Similarly, if the '868 patent survives reexamination, such a determination will be of some assistance to this Court. See Gould v. Control Laser Corp., 705 F.2d 1340, 1342 (Fed. Cir. 1983) (“One purpose of the reexamination procedure is to eliminate trial of that issue (when the claim is canceled) or to facilitate trial of that issue by providing the district court with the expert view of the PTO (when a claim survives the reexamination).”).

B. Undue Prejudice and Stage of Litigation

Despite the numerous advantages of a stay pending a PTO determination, several courts have denied a stay where it would cause undue prejudice or present a clear tactical disadvantage to the non-moving party. In E.I. DuPont de Nemours and Co v. Phillips Petroleum Co., 711 F. Supp. 1205 (D. Del.1989), the court held that “[w]here such a stay would result in a tactical advantage to one party or the other, this Court will not employ its discretion to stay the ordinary course of its proceedings simply because the outcome of the patent proceedings may moot the issues remanded.” 711 F. Supp. at 1208 n.9.

Most often, a request for a stay has been denied due to the late stage of litigation, the fact that discovery was or would be almost completed, or trial had been set. By denying a motion to stay that was filed late in the litigation, the court avoids duplicative efforts because the parties and the court have already completed the work necessary to determine the patent’s validity. In E.I. DuPont, the court rejected a stay in part because the litigation had advanced through trial, appeal and remand before one of the parties requested the stay. See E.I. DuPont, 711 F.Supp. at 1208; see also Enprotech Corp. v. Auto Tech Corp., 15 U.S.P.Q.2d 1319, 1320 (N.D. Ill.1990)

(discovery completed and case set for trial); Freeman v. Minnesota Mining, 661 F. Supp. 886, 888 (D. Del.1987) (discovery completed and suit filed two and a half years prior to stay request); The Toro Company v. L.R. Nelson Corporation, 223 U.S.P.Q. 636, 638 (N.D. Ill.1984) (denying stay in a three and a half year old case where summary judgment motion was pending because the “stay would accomplish little other than the delay of disposition of the suit which has until now run an overly protracted course”).<sup>1</sup>

Where a case is in the early stages of litigation, however, a court may avoid duplicative efforts by granting a motion to stay. Here, the suit was filed less than six months prior to the filing of the motion to stay and substantial discovery has yet to occur. See GPAC, Inc., v. D.W.W. Enterprises, Inc., 23 U.S.P.Q.2d 1129 (D.N.J. 1992) (granting stay when suit filed 16 months prior to request and after some discovery had taken place); Target Therapeutics, Inc. v. Scimed Life Systems, Inc., 33 U.S.P.Q.2d 2022 (N.D. Cal. 1995) (granting stay because case was in “incipient stages”). A trial date has not, and will not soon, be assigned. This case does not rest in the same posture as those cases where protracted and expansive discovery had been expended and trial was imminent.

However, in light of the plaintiff’s motion for preliminary injunction, a stay may continue to deprive the plaintiff, during the pendency of the reexamination, of the right to exclude others

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<sup>1</sup>Some courts have granted stays pending re-examination proceedings notwithstanding the well-developed posture of the litigation. See, e.g., Gould, 705 F.3d 1340 (stay granted five years after commencement of litigation and 20 days before scheduled trial date); Loffland Brothers Co v. Mid-western Energy Corp., 225 U.S.P.Q. 886 (W.D.Okla.1985) (stay granted after substantial discovery, pre-trial conference, and scheduled trial date); Emhart, 3 U.S.P.Q.2d 1889 (stay granted 18 months after significant discovery, but no trial preparation); Grayling Industries, Inc. v. GPAC, Inc., 19 U.S.P.Q.2d 1872, 1873 (N.D. Ga. 1991) (stay granted with discovery completed and only trial remaining in case).

from making, using, offering to sell, or selling the patented invention. The Court finds, however, that the harm indicated by the plaintiff—the loss of customers and sales of the plaintiff’s product and the erosion of the plaintiff’s position in the market—while serious, does not amount to undue prejudice. As indicated at the hearing on the motion to stay, sales of the allegedly infringing product occur primarily through radio advertisement and mail order and reach a limited geographic market (the Northeast) as compared to the nationwide market reached by the plaintiff’s product. Additionally, profits lost by the plaintiff by the continued sales of the defendant’s product can be compensated by damages. Finally, the patented invention at issue does not appear to be a short-lived technology, such as electronics or software, such that a stay of this case will permit the defendant to infringe upon the patented invention for the life of that invention. Cf. Output Tech. Corp. v. Dataproducts Corp., 22 U.S.P.Q.2d 1072, 1074 (W.D. Wash. 1991) (denying accused infringer’s motion for a stay after considering, among other factors, that the patent owner was a small business and would suffer irreparable harm from a further delay in the litigation). Thus, the plaintiff has not established that the prejudice faced by the continued marketing and sales of the defendant’s product outweighs the benefits to this Court and the parties conferred by a stay pending the PTO’s reexamination of the ‘868 patent.

## II. Conclusion

The defendant’s motion for a stay [Doc. #6] is GRANTED, and the case is STAYED pending the outcome of the reexamination of the plaintiff’s patent by the U.S. Patent and Trademark Office.

Additionally, the parties shall file a joint status report by **September 1, 2002**.

SO ORDERED this \_\_\_\_ day of July 2002 at Hartford, Connecticut.

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**CHRISTOPHER F. DRONEY**  
**UNITED STATES DISTRICT JUDGE**